This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 DHAKA 002484

SIPDIS

AIDAC

DCHA/FFP - MATTHEW NIMS, ALLYN MOUSHEY, P.E.BALAKRISHNAN, JUDY GROOMS
DCHA/POD - JEANETTE LEE

E.O. 12958: N/A
TAGS: EAID BG
SUBJECT: CARE/BANGLADESH (CARE/B) JUNE 2005 CALL
FORWARD OF 16,800 MT TITLE II CRUDE DEGUMMED SOYBEAN
OIL FOR THE FY 2005-2009 DAP

REF. (A) CARE/B REVISED ANNUAL ESTIMATE OF REQUIREMENT

        DATED APRIL 24, 2005
    (B) TRANSFER AUTRIZATION AWARD (FFP-A-04-000079-
        00) MODIFICATION NO. 3, DATED APRIL 12, 2005
    (C) CARE LETTER, DATED MAY 25, 2005
    (D) DHAKA 01550
    (E) CARE BELLMON ANALYSIS UPDATE, DATED MAY 2,
        2005
    (F) 1998 STATE 86836

¶1.   The purpose of this cable is to provide Mission
concurrence with CARE/B June 2005 call forward of
16,800 MT of Crude Degummed Soybean Oil (CDSO) in bulk
for arrival in September/October, 2005 under the
SHOUHARDO DAP.

¶2.   The call forward (CF) amount, 16,800 MT of CDSO,
has been approved for monetization through private
channels for the FY 2005 program (Refs. A and B).
CARE/B has received the BDG concurrence for the import
of the CDSO and sale of the same to the private firms.

¶3.   CARE/B has signed agreements with two private
edible oil business firms selected through open bidding
procedures for the sale of total CF amount (16,800 MT).
The quoted (sale) price of the CDSO is about 80% of the
FFP total cost and freight estimate of $610 per MT.
Specifications for CDSO (Ref. C) are provided below:

..Unsafonifiable Matter: 1.50% maximum
..Free Fatty Acid as Oleic: 0.75% maximum
..Moisture and Volatile Matter and Insoluble
..Impurities: 0.30% maximum
..Flash Point: 250 Degrees Fahrenheit minimum
..Phosphorous: 0.02% maximum
..Packing: Bulk

¶4.   This is the first time that Title II DAP
commodities are being monetized through open bidding
procedures. CARE/B invited tenders beginning May 6,
2005, with May 23, 2005, the last date for receipt of
bids. The previously approved May 2005 CF of 3,000 MT
refined soybean oil (Ref. D) was cancelled as the
quoted price was very low compared to the prevailing
market price. CARE/B has followed standard bidding
procedures for the sale of the CDSO. Two local firms
were selected through an open bidding process for the
sale of the CDSO. CARE/B finds the quoted price of CDSO
at $488 per MT reasonable as compared to the prevailing
market price.

¶5.   The Mission's Food Security and Disaster Management
Team concurs with the Bellmon analysis update (Ref. E)
The analysis is based on the instructions provided in
Ref. F on the Bellmon certification requirements for
P.L. 480 Title II activities. Based on the Bellmon
analysis, USAID/Bangladesh has determined that the
importation of the proposed call forward level of
16,800 MT of CDSO in Bangladesh will not result in a
substantial disincentive to or interference with
domestic production or marketing of crude soybean oil
in Bangladesh.

The bidders, in accordance with sales agreements with
CARE, are responsible for storage and distribution of
the CDSO. CARE has confirmed to USAID that the two
bidders, as part of the prequalification process, have
demonstrated to the satisfaction of CARE that they have
adequate storage and handling facilities to prevent the
spoilage or wastage of the oil. Accordingly,
USAID/Bangladesh has determined that adequate storage
facilities will be available to prevent the spoilage or
wastage of the oil. The call forward level of 16,800
MT, expected in September/October, 2005, will cause no
substantial disincentive and present no storage
problems.

The Mission Director has determined that the shipment

of 16,800 MT of Title II CDSO is in compliance with the
Bellmon amendment requirements for P.L. 480 Title II
activities (Ref. F).

¶6. Mission concurs with CARE/B's June 2005 call
forward for shipment of 16,800 MT of CDSO in bulk for
September/October, 2005 in-country arrival.

¶7. Mission requests DCHA/FFP approval of the full
CARE/B call forward level, to arrive in-country in
September/October, 2005.

CHAMMAS